

# PocketScience Inc.

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August 11, 1998

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EX PARTE OR LATE FILED

Ms. Maggie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W., Room 222  
Washington, D.C. 20554

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Re: Implementation of the Pay Telephone Reclassification and Compensation Provisions of the  
Telecommunications Act of 1996, CC Docket No 96-128  
Notice of Ex Parte Presentation

Dear Ms. Salas:

PocketScience Inc., pursuant to Section 1.1206 of the Commission's rules, submits its notification of an oral ex parte presentation in the above-captioned proceeding. On July 22, 1998, I met with Greg Lipscom and Craig Stroup of the Common Carrier Bureau to discuss the positions taken by PocketScience Inc. in its July 1, 1998 comments in the above-captioned proceedings. We also discussed:

- 1) the FCC's lack of empirical data that supports the position that measured six-second increment billing for (coinless) toll-free calls from pay telephones would be prohibitively expensive;
- 2) that the true marginal cost of a (coinless) toll-free call may be less than \$0.01, thus the remaining \$0.275 to be paid to pay telephone operators for (coinless) toll-free calls may be interpreted as compensating the pay telephone operators solely for the Opportunity Cost of not having a coin-based call made on their pay telephone instead;
- 3) that a brief duration (i.e. 30 seconds) (coinless) toll-free call on a pay telephone should not incur as much Opportunity Cost for pay telephone operators and thus should not result in as high a payment to the pay telephone operator as a longer (i.e. over 2 minute)(coinless) toll-free pay telephone call that incurs a significantly higher Opportunity Cost to the pay telephone operator by virtue of precluding the operator from receiving coin-based revenue at that time;
- 4) that pay telephones are frequently used by lower income members of our society and the proposed \$0.285 surcharge on (coinless) toll-free calls made from pay telephones will be a regressive tax on these members of our society; and
- 5) that, if the proposed \$0.285 surcharge for (coinless) toll-free calls is applied to all (coinless) toll-free calls, regardless of duration, this will greatly inhibit the opportunity for lower income members of the U.S. society to access the Internet through pay telephones and further bifurcate U.S. society between Internet "haves" and "have-nots".
- 6) That toll-free (800 number) calls are billed on a six-second increment of use basis and the proposed payphone surcharge by the FCC fundamentally compromises the entire nature and price-elasticity of all business relying toll-free access from customers. For example, a thirty-second toll-free call (the typical call length for a paging company or my company) costs less than \$0.03 right now, yet, once the FCC's proposed payphone surcharge is applied, this same call would cost about \$0.315 -- resulting in a 950% surcharge. Meanwhile, a recipient of a ten minute toll-free call from a payphone might typically pay \$0.885 under the new FCC surcharge, resulting in a 48% surcharge. While, even a 48% government-mandated surcharge is ruinous to competition and economic growth, a draconian 950% surcharge would result in irreparable damage to free enterprise and drastically hinder all forms of personal communications available to the average consumer (including paging and my company's forthcoming mobile email service). Perhaps the FCC could calculate the payphone surcharge on a percentage rate basis (of less than 20%) for all toll-free calls originated from payphones to eliminate the risk of usurious surcharges, such as the aforementioned 950% surcharge for calls of less than 30-seconds in duration.
- 7) PocketScience formally supports the facts and perspectives advanced by Paging Network, Inc. in its Comments of July 13, 1998 and The Personal Communications Industry Association in its Comments of July 13, 1998.

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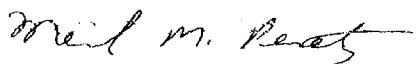
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PocketScience formally requests that the FCC gather and publicly present empirical data about the cost of measured (i.e. in six-second increments) billing before eliminating the option of measured billing for (coinless) toll-free calls from pay telephones. Because Inter-Exchange Carriers (IXCs) already bill for toll-free calls on a measured (i.e. six-second increment basis), it would not be cost prohibitive for the IXCs to bill for toll-free (coinless) calls from payphones using the same billing mechanism. Measured billing would encourage competition.

Furthermore PocketScience formally requests that the FCC rule that surcharges to pay telephone operators for (coinless) toll-free calls shall be eliminated for calls of a public interest nature, including access to basic Internet services, such as electronic mail (which is of a very short duration), and calls of less than one (1) minute in duration.

PocketScience also requests the Commission's waiver for the late submission of this ex parte letter due to the press of business. Please contact me with any further questions regarding this matter.

Respectfully submitted,



Neil M. Peretz  
Chief Executive Officer

cc: Greg Lipscom  
Craig Stroup  
Alan Cohn